SPRUCEGROVE
INVESTMENT MANAGEMENT

SPRUCEGROVE INVESTMENT MANAGEMENT LTD. PROXY VOTING GUIDELINES

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PROXY VOTING AND GOVERNANCE

Share ownership entails important rights and responsibilities, which includes the right to vote. We have a fiduciary duty to vote all proxies in the best interests of our clients. Proxy voting is one of the formal means by which we can impact the corporate governance systems of the companies in which we invest on behalf of our clients. Corporate governance is the system by which companies are directed, controlled and evaluated. The purpose of the Sprucegrove Proxy Voting Guidelines is to serve as a guide for voting proxies and related corporate governance issues, documenting the proxy voting process and ensuring compliance with recordkeeping requirements. Please refer to our Proxy Voting Policy Statement for additional information.

GENERAL PRINCIPLES

We support the adoption of high standards of corporate governance and ethics by companies in which we invest. Well-managed companies utilize internationally recognized governance practices covering areas like Board independence, performance based executive compensation, transparency, succession planning, audit practices, and environmental and social practices. We seek to encourage management to adopt suitable policies on such issues by voting proxies and through interaction with management. Whenever we vote against a management recommendation, we communicate with company management. There are many more instances today where companies are consulting with their larger shareholders, including ourselves, concerning governance and particularly compensation issues, prior to issuing proxies for voting by shareholders. We retain records of any instance where we engage in such communication. In general, we will support resolutions that in our judgement will maximize returns to shareholders, de facto our clients, over the long term. Policies and guidelines are subject to ongoing review as needs and issues evolve particularly in relation to corporate governance and executive compensation.

Our overriding principle is to ensure corporations manage their businesses in the long-term interests of shareholders.

Sprucegrove is responsible for decision-making as it relates to proxy voting. In addition, we involve our investment analyst research group in the process as part of their long-term training on the importance and awareness of corporate governance issues. We provide a record of our proxy voting to any client that requests it.

As an investment manager registered both with the Securities and Exchange Commission and Canadian securities regulators, we are required to implement the following:

i. Adopt and implement written proxy voting policies and procedures that are designed to ensure we vote in the best interests of our clients.
ii. Disclose proxy voting policies and procedures to clients and furnish them with a copy if requested.
iii. Inform clients as to how they can obtain information as to how their securities were voted.
iv. Retain proxy voting records.

We have developed our own proxy voting guidelines as a primary source of reference. We also subscribe to a number of outside providers to assist us in analyzing proxies and corporate governance issues including corporate social responsibility ("CSR"):

Glass Lewis – Glass Lewis provides insight and analysis on proxies and corporate governance issues for global companies. The Glass Lewis research team provides analysis of proxy issues and vote recommendations for more than 30,000 meetings across approximately 100 global markets. Glass Lewis also publishes its own proxy voting guidelines.

Institutional Shareholder Services ("ISS") - ISS also provides insight and analysis on proxies and corporate governance issues. The ISS research team provides analysis of proxy issues and vote recommendations for more than 40,000 meetings in over 100 worldwide markets. ISS also publishes its own proxy voting guidelines.

VOTING GUIDELINES ON MAJOR ISSUES

The following is a list of our positions on some major proxy issues. We use our proxy guidelines for direction. Each situation is unique, and the following are not intended to be a set of rigid rules. Application of professional judgment and experience to make decisions that are in the best interests of our clients, is vital to the proxy voting process.

NORMAL POSITION	ISSUE
	GENERAL The overriding objective of every company should be to maximize long-term returns to its shareholders.
	BOARD OF DIRECTORS We support the view that the composition and effectiveness of a board is very important to long-term corporate performance. It is desirable to see the board and its committees include individuals with an appropriate balance of skills, experience, independence, knowledge, as well as regard to the benefits of diversity, including gender.
FOR	It is desirable that the majority of the Board of Directors should be independent of management. Audit, Remuneration and Nomination Committees should be comprised solely of independent directors. The Board Chair is not deemed independent and therefore should not be a member of the Audit Committee. Please note that: in certain countries (*e.g.*, Japan) it is extremely rare to have independent directors, but it is something

	we seek to encourage through our proxy voting and ongoing dialogue with managements.
FOR	We advocate for the separation of the Chair and the CEO roles, as it is appropriate in most instances to ensure there is a clear distinction of responsibility at the company between running the board and the executive responsibilities for the business.
FOR	Board members should preferably be elected on an annual basis individually, rather than as a slate. Staggering board member elections tends to limit the ability of shareholders to affect the make-up of the Board but does facilitate some continuity. Attendance records are considered when voting on re-election of directors and include adequate or reasonable justification given when a director misses committee or board meetings. We also consider the background and qualifications of directors.
FOR	The number of directors should not be so large as to be unwieldy. The maximum number of directors should normally not exceed fifteen (15).
FOR	In order to ensure the Board is engaged in the affairs of the company to the maximum extent possible, as well as discharging their fiduciary duty to shareholders, directors must commit the requisite time and effort to their roles. Accordingly, the maximum number of significant external commitments we consider appropriate is four. Unless otherwise advised as to the time and commitment involved, we consider director's board duties and obligations equivalent vis-à-vis public and non-public companies. We also take into consideration the requisite time obligations of the different commitments. For example, a Chair or CEO is a greater time requirement than a regular board seat or an advisory role at an organization. A Chair or CEO should only have one external role. Additionally, where identifiable, a Chair of a listed company should not also be a Chair of another listed company in the same capacity.
FOR	We consider any directors up for re-election with tenures of less than 20 years as appropriate. Any directors up for re-election with tenures of 20 years and above we will consider as insiders. Directors on the board with such long tenures raise questions as to their ability to exercise objective judgement and opinion. However, we also factor in the overall board independence, the director's attendance, experience and contributions to the board.

FOR

It is acceptable to limit director's liability and provide indemnification.

FOR

We expect to see directors have direct ownership in the company, typically at the minimum level of one year's worth of remuneration within a reasonable period of time.

MANAGEMENT AND DIRECTOR COMPENSATION

Shareholders should have the opportunity on an annual basis to vote on remuneration reports.

FOR

Executive and director compensation should be linked with the best interests of the shareholders. Reasonable cash incentives for management can be used to effectively align the interests of management to the interests of the shareholders. We are supportive of real share ownership by management and directors with a mandatory holding period.

For directors, holdings equal to at least one year's worth of salary is generally appropriate to be built within three years of joining the Board. However, we encourage directors that are also executives to own such amount of shares within one year of joining the Board. The reasonableness of the total compensation package would usually be considered in assessing compensation-related proposals. Levels of remuneration should be sufficient to attract, retain and motivate executive directors of the quality required to run the company successfully, while avoiding excesses. Comparisons with other companies should be used with caution. There should be strict limits on a director's ability to participate in stock option plans. Excessive complexity in the structure of plans should be avoided.

Sprucegrove encourages and will support the inclusion of ESG key performance indicators as part of executive compensation. Executive incentives should be weighted in favour of performance-based awards whereby the performance-related elements are challenging and designed to promote long-term success.

A strong and independent remuneration committee should work to ensure that the incentive to management is consistent with the maximization of long-term shareholder value and that rewards are commensurate with performance but without incentivizing excessive risk taking. Approval of the Remuneration Report is reviewed on a case-by-case basis.

While we remain philosophically opposed to stock options as we believe they do not align the interests of management and shareholders, we recognize they are embedded in many companies' compensation plans. In those instances, we want the plans to be structured as best as possible to encourage long-term performance and as minimal dilution to shareholders as possible. We prefer limited and reasonable use of stock option plans because we do not believe they effectively align the interests of management and shareholders (particularly when they are "under water"), but we acknowledge that their existence is still quite common. Performance related elements of executive director compensation should be challenging and designed to promote long-term success. The balance between fixed and variable pay should be explained. The current expected value of awards under a proposed plan should be disclosed. Shareholders should be provided with sufficient information to understand pension arrangements effectively. Compensation plans are ultimately reviewed on a case-by-case basis.

We support executive compensation plans ("Say-On-Pay") that are reasonable and in alignment with our views on linking executive compensation with shareholders' interests.

Each specific stock option program should be submitted to shareholders and voted upon separately. Most plans use a three year-long performance period, but an even longer term, such as five years, is more desirable to promote long-term thinking.

FOR

We will support the issuance of a reasonable level of restricted stock units ("RSUs") as long as there is a mix of profitability, growth and ESG components embedded in the plan in addition to having a post-vesting retention period. We also favour longer duration plans as opposed to those with a short time horizon. Issuing restricted shares with time-based post-vesting restrictions supports strong corporate governance.

FOR

We encourage executives to own underlying shares in the company within one year of joining the board, equivalent to a minimum of one year's worth of their base salary. We expect to see management gradually building up their share ownership in successive years.

We generally support equity awards as part of the overall management compensation; however, the authority sought for

	approving grant of awards and issuance of shares under a performance share plan and/or restricted share plan should not exceed 10% of the company's issued share capital and should expire at the next annual general meeting ("AGM").
AGAINST	Loans to purchase stock or exercise options.
AGAINST	"Golden Parachutes" that offer unreasonable levels of compensation to top executives who are demoted or terminated.
	MEETING NOTIFICATION
AGAINST	We consider where a meeting can be called in just two weeks' notice as an insufficient notice period. For example, a proposed two weeks' notice to call a general meeting does not provide sufficient time for stakeholders to receive and evaluate all documentation. Thus, we consider where a meeting can be called in four to eight weeks as a more sufficient notice period.
	IN-PERSON OR MIX OF IN-PERSON AND VIRTUAL SHAREHOLDER MEETINGS
FOR	We prefer in-person or a mix of in-person and virtual general meetings, instead of virtual-only meetings, as they provide greater protection of shareholder rights. With virtual-only, there is concern with company-favourable filtering of meeting issues as management has greater ability to control the meeting agenda. For companies requesting virtual-only meetings with adequate notice, we will take into consideration the rationale provided, if any. As well as any disclosed safeguards, ensuring that shareholders would have the same participation rights as they have at an in-person meeting.
	TAKEOVER PROTECTION
AGAINST	Takeover defence initiatives, which are inconsistent with shareholder rights and the growth of long-term shareholder value.
AGAINST	"Poison Pill" initiatives, which require potential acquirers to either pay a premium for shares or provide existing shareholders the right to purchase additional shares at attractive prices since this type of takeover defence often prevents a takeover when such an action could be in the best long-term interests of the shareholders.
AGAINST	Initiatives that require an impractical supermajority to approve certain transactions. A maximum supermajority of two-thirds of shareholders is a guideline of what is considered practical. If

	supermajority voting requirements are too high, they may deter potentially beneficial outcomes for existing shareholders.
AGAINST	Proposals to short track a take-over bid. Short tracking often does not leave shareholders a reasonable amount of time to make an informed decision.
CASE-BY-CASE	Takeover defence initiatives are reviewed on a case-by-case basis to determine the relative long-term value to the shareholder. Other typical defences include the "Crown Jewel Defence", where a company sells its most valuable assets to a friendly third party; "Going Private Defence", where minority shareholders sell their equity interest to a majority shareholder who assumes control; "Leveraged Buyouts", where an acquiring party finances the purchase of a company by collateralizing the assets of the target company and "Lock Up" Arrangements, where some shareholders agree to tender their stock in the target company to a friendly third party which uses the shares to block the takeover. Breakup fees should be modest.
	SHAREHOLDER RIGHTS
FOR	All shareholders should be treated equally with the same rights per share (one share = one vote). We support issuances of new shares representing less than 5% (or 7.5% over a three year period) of shares outstanding without pre-emptive rights. Generally, we prefer dividends over stock buybacks. Stock buybacks will be supported (typically up to 10% of shares outstanding), but authority should expire at the next AGM and price limits should be in place (*e.g.*, the price shall not exceed 5% of the average market quotation on the five prior business days). Not only is this principle applicable for general meeting proposals, but also applies for extraordinary (special) meeting proposals. In addition, in reviewing buyback requests, we prioritize the need to preserve balance sheet strength and review the record of previous stock buybacks.
FOR	Provisions for confidential voting by shareholders since this reduces potential for coercion.
FOR	Additional share authorization if potential share issuance proceeds are intended for sound business reasons. We generally would not support a significant increase (25% or more) in share authorization where management has not demonstrated a

AGAINST	specific need. Shareholder approval prior to the issue of new shares is an important shareholder protection.
	The issuance of dual class shares with unequal or multiple voting rights attached. The purpose of these shares is usually to concentrate voting control to a minority group of shareholders. Usually, this is not in the best interests of the company or all shareholders.
AGAINST	"Blank Check Preferred Shares." These shares are issued at the discretion of the Board of Directors and may carry unequal voting, dividend, conversion or other rights that are not in the long-term interests of all shareholders.
AGAINST	"Linked Proposals" which link two elements of a proposal together where one element tends to have a negative impact on shareholders and the other positive. If neither proposal is harmful to shareholders, we would generally support a Linked Proposal.
	SHAREHOLDER / STAKEHOLDER PROPOSALS
AGAINST	Shareholder or stakeholder proposals unless they were beneficial to the shareholders. Generally, management would be supported where such proposals are unnecessary, arbitrary or peripheral to the business of the company. Such proposals will be reviewed on a case-by-case basis.
FOR	Companies should make full disclosure of the proxy voting outcome, including abstentions.
AGAINST	**POLITICAL DONATIONS**
	AUDITORS
FOR	The ratification of auditors unless it appears that the auditor's independence may be compromised due to excessive non-audit related fees or other reasons. The nature and amount of non-audit fees should be disclosed.
FOR	The rotation of audit firms every ten years.

PROCEDURES & RECORDKEEPING

1. The Proxy Voting and ESG team is required to approve all proxy votes. This is done after a review of the issues, with reference to ISS, Glass Lewis, and Sprucegrove research analysts, as required.

2. The Proxy Voting and ESG team is responsible for identifying potential conflicts of interest that may arise in the proxy voting process. In instances where a potential conflict exists, the Proxy Voting and ESG team will refer the matter to the Board of Directors for resolution, which may include obtaining client consent before voting.

3. Sprucegrove's Proxy Voting Guidelines are utilized in voting proxies unless a separately managed account decides to vote their own proxies.

4. Proxies received from custodians are logged and are directed to the Proxy Voting and ESG team along with relevant ISS and Glass Lewis input. The Proxy Voting and ESG team completes the proxy voting form. Where a decision is made to vote against management's recommendation or our own guidelines, the Proxy Voting and ESG team documents the rationale for the decision. The Proxy Voting and ESG team then communicates the voting decisions to the client's custodian by electronic link and retains the proxy and supporting documentation on file.

5. We maintain a list of portfolio holdings and annual meeting dates to help monitor that we receive all proxy information. We work with the custodians to help ensure we receive proxy information in a timely manner on all the companies in which we have holdings.

6. As appropriate, we will communicate with company management regarding a proxy issue. In instances where we vote against the management recommendation, the company is informed of our actions. We also provide our input to companies who solicit our views on proxy, corporate governance and compensation. We retain records of such engagement with companies.

7. We provide these guidelines to all our clients annually and we provide a proxy voting report, which shows those instances where we vote against management to clients who request it.

8. We will review these guidelines annually.